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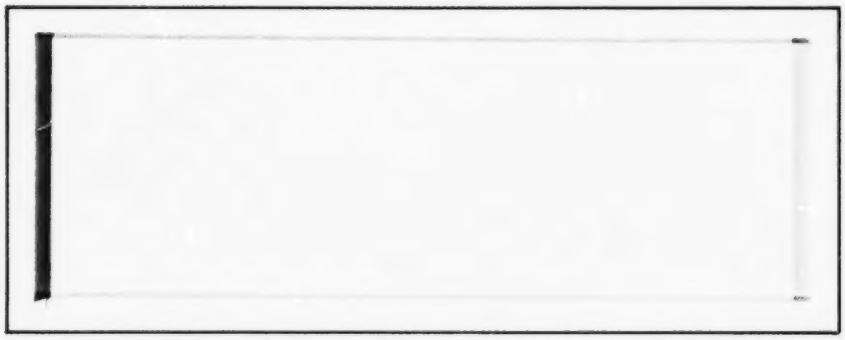

WORKING PAPER

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Working papers are (1) interim reports completed by the staff of the Marketing & Economics Branch, and (2) research reports completed under contract. The former reports have received limited review, and are circulated for discussion and comment. Views expressed in these papers are those of the author(s) and do not necessarily represent those of Agriculture Canada.

AGRICULTURAL MARKETING LEGISLATION IN THE UNITED STATES AND WESTERN EUROPE

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I INTRODUCTION

This study provides a descriptive inventory of market development legislation in selected overseas countries, in particular the United States, the United Kingdom, the European Economic Community and some of its continental member countries. As such it provides information that may be of use to those persons responsible for, or with an interest in, the development and administration of market development legislation in Canada.

Definition of Market Development

While marketing consists of the activities that give products desirable characteristics in terms of form, time, place and possession, we define market development as the provision of services that facilitate marketing. For the purposes of this study, a number of specific market development functions were identified. These were:

- market intelligence
- marketing research
- product research and development
- development of market demand
- risk sharing
- infrastructure development.

In Canada, a variety of instruments has been used by the federal government to further each market development function. To illustrate the range of activities and instruments involved a number of these Canadian market development instruments are listed in Appendix A.

Factors and Issues

In examining the scope of market development legislation in other countries, there are a number of issues or distinguishing factors that should be borne in mind in making a comparison with Canada's situation and requirements. These issues include the trade position of each country, their relative size in world markets, and institutional factors such as the division of powers between national and sub-national governments and the ownership and control of economic organizations. These issues are elaborated further below.

a) Trade Positions

The appropriate market development legislation will be affected by whether a country is primarily an importer or exporter of raw and processed agriculture and food products. The perspective may also depend on whether or not the country is a relatively large exporter of certain commodities relative to the world market. These factors will determine how important agricultural trade is to the country, whether the product flows are incoming or outgoing, and to what extent the country enjoys some market power or degree of discretion because it is a major supplier in a particular commodity market.

b) Political Institutions

The nature of market development legislation adopted by a country can be affected by the division of power within that country between the national government and state or provincial governments. In addition, the membership of the country in an international economic union such as the European Economic Community may also constrain or influence the nature of market development legislation. Finally, it may be interesting and instructive to note whether or not these countries use omnibus or ad hoc legislation to provide authority for market development.

c) Economic Institutions

The underlying political preference for a free market place, government involvement or some intermediate mix will also influence the scope of market development functions authorized within a country. The nature of a government's role in market development is a function of political philosophy, the perceived capability of the private sector to perform these functions, and its actual performance of them.

Organization of the Study

Agricultural marketing legislation in the United States is described in the next section of this report. Since this review was essentially completed by August 1985, it does not reflect the U.S. Farm Bill (Food Security Act of 1985) which was signed into law on December 23, 1985. This is followed by a description of similar legislation in the United Kingdom. The final section includes an overview of agricultural market development under the Common Agricultural Policy of the European Community and a brief outline of relevant legislation and agricultural marketing institutions in four western European countries (the Netherlands, France, West Germany and Denmark).

The study is based entirely on a review of published reports, legislation, program descriptions, etc. The review generally reflects legislation as passed by Congress, Parliament or other legislative bodies. Subsequent amendments have been noted where these are known, but is not likely that all amendments are mentioned here. A bibliography is provided for readers interested in acquiring more detail and information.

II AGRICULTURAL MARKETING LEGISLATION IN THE UNITED STATES

There are a number of different pieces of legislation which have been used for agricultural market development in the United States. Originally, separate agricultural marketing acts were used to establish the authority to perform market development functions. Examples of this kind of legislation are the Agricultural Marketing Agreement Act (1937), the Agricultural Marketing Act (1946), and the Agricultural Trade Development and Assistance Act (1954) (also known as PL-480). However, more recently, amendments and additions to these pieces of legislation have been made in the context of omnibus agricultural legislation passed, on average, every four years. Specific acts are still used in the case of various commodity research and promotion programs.

Due to the nature of agricultural policy formation in the United States, it is relatively difficult to isolate those pieces of legislation dealing exclusively with market development functions. The broad market development functions identified for which comparable legislation was sought include market intelligence, marketing research, product research and development, development of market demand, risk sharing, and infrastructure improvement.

Not surprisingly, most agricultural legislation is directed at a wide range of goals. Market development legislation often includes provisions verging on price-support, while explicit price-support legislation also includes measures for market research and promotion. For this reason, it is likely that not every piece of legislation that includes provisions which could be considered as market development has been surveyed here. However, the most important federal market development acts are described below. Although this survey has been limited to federal legislation, there are many state programs for agricultural market development. This is particularly the case with milk marketing orders (for intrastate markets) and with producer checkoff funds for research, advertising and promotion programs. State programs are more common for products that are produced regionally.

The acts are reviewed in roughly chronological order with the major features of each described. In some cases, it is more convenient to discuss several pieces of legislation under a common theme, as has been done for advertising and promotion, cooperatives, and storage programs. Sources are given in the bibliography in order to assist readers interested in obtaining further information. A chronology of agricultural market development legislation with amendments to major pieces of legislation in the United States is presented in Appendix B.

Agricultural Marketing Agreement Act (1937)

The Agricultural Marketing Agreement Act of 1937 provides general authority for the use of marketing orders and agreements, specifying the commodities to which they might be applied.

This Act extends powers first authorized under the Agricultural Adjustment Act of 1933. Under that Act, production acreages were controlled for grains, peanuts, rice, tobacco and cotton, and marketing agreements were authorized for milk, fruits and vegetables. By 1937, these provisions had proven to be inadequate to stabilize markets effectively, so that stronger measures were authorized in the Agricultural Marketing Agreement Act. Marketing orders, binding on all handlers and shippers, were introduced. The earlier Act had only provided for marketing agreements that were purely voluntary contracts between the shippers of a commodity and the USDA. Orders and agreements regulate marketings, not production, by controlling the flow of products to interstate markets.

The stated purposes of the Agricultural Marketing Agreement Act are to establish and maintain orderly marketing conditions for agricultural commodities in interstate commerce; to protect the interest of the consumer by establishing a level of prices deemed to be in the public interest and feasible in view of current demand in domestic and foreign markets, but not such as would maintain prices to farmers above an established level; to establish and maintain production, marketing and development research and projects to effectuate the orderly marketing of agricultural commodities in the public interest; and to establish and maintain orderly marketing conditions in the interests of producers and consumers, as will provide an orderly flow of supply to market throughout the normal marketing season to avoid unreasonable fluctuations in supplies and prices.

Although the request for a marketing order or agreement originates with producers, they are jointly designed and set up by producers and the Agricultural Marketing Service (AMS) of the Department of Agriculture. Orders can be put into effect or terminated only after a referendum of producers. New guidelines developed recently, following a report of the President's Task Force on Regulatory Relief (1982), proposed changes to minimize the anti-competitive and supply-restricting potential of marketing orders.

There are general provisions in the Act which apply to all named commodities with the exception of milk. Named commodities include primarily fresh and dried fruit, fresh vegetables and tree nuts. For named commodities prices are not directly controlled. Marketings of these products are regulated by setting requirements on quality, quantity and the volume of shipments to market. For example, marketings may be controlled by volume, grade, size or quality. For certain designated commodities, packaging containers may be limited by size, capacity, weight or dimensions. In specific instances, these restrictions may also be applied to imported products as well. Although prices and production cannot be directly set by marketing orders, orders may influence price and production indirectly by regulating marketing volumes.

Provisions under marketing order programs for fruits and vegetables may involve quality control, quantity control, and market facilitating to achieve the goal of orderly marketing. Quality control involves setting minimum grades, sizes and maturity standards and enforcement of them by mandatory federal inspection. Quality control is believed to act in two

ways. By acting in the short term to limit supply, it acts partly as a quantity control. Over the longer term, a higher quality, more consistent product is expected to increase consumer demand, raising prices and producer returns. Quality control in one or another form is used in all but a handful of fruit and vegetable orders. Imports are subject to the same requirements as domestic production.

Quantity control includes both volume or sales management and market flow regulation. Volume management tries to influence price by reducing quantities sold, while market flow rules regulate the pattern of sales during the season. Volume management may be achieved by producer allotments, market allocation or by reserve pools. Market flow regulation is achieved by evening out shipments to avoid both the low prices associated with near harvest periods and the lost sales caused by high prices during shortages. Market flow is regulated by handler prorates and shipping holidays. Handler prorates set the maximum quantity that may be shipped by a handler over a certain period of time. Products that may not be shipped to the domestic fresh market because of handler prorates may thus be held if possible, or sent for processing. Shipping holidays regulate the market flow by prohibiting shipments on designated days.

Market facilitating provisions do not directly affect quantities sold, but attempt to contribute to orderly marketing through other means. These provisions range from rules governing the standardization of packaging and containers, to information requirements and fundraising for research, advertising and promotion.

Separate regulations apply to milk, varying according to use classification (fluid or industrial milk), fixing minimum prices. Fluid milk prices are fixed at a higher level than prices for milk destined for other uses. Milk marketing orders may set minimum producer prices, classify milk according to use, pool returns to producers, provide market information and provide for advertising, research and promotion. The provisions for milk advertising, research and promotion were added in a 1971 amendment to the Act.

Advertising, research and promotion programs were authorized by amendments to the Act. In 1954, marketing orders were extended to include authorization to establish marketing research and development projects designed to assist or promote marketing, distribution, and consumption. In 1962, a further amendment authorized explicit market promotion programs for these commodities. These provisions for research, advertising and promotion are widely used. Of 47 federal marketing orders approved by the Secretary of Agriculture and producers, 38 include the authority to conduct research and 14 have additional provisions to include advertising and promotion. Research and promotion are financed by assessments on shippers.

Agricultural Marketing Act (1946)

This Act, also known as the Research and Marketing Act of 1946, was designed to solve some of the problems of surplus agricultural production through improved marketing. It was felt that the problems that would be

caused by the agricultural surpluses expected in the post-war years could be minimized by improvements in marketing and distribution, expanding markets for agricultural products, and realizing efficiencies and cost savings in marketing.

The stated objective of the Act was to encourage the growth and development of a sound, efficient, and privately operated system to distribute and market agricultural products in order to ensure a prosperous agricultural sector and to maintain full employment.

More specifically, the particular goals of the Act were to provide for continuous research to improve the marketing, handling, storage, processing, transportation and distribution of agricultural products; to encourage cooperation among government agencies, producers, industrial organizations and others in the development and implementation of research and marketing programs to improve the distribution processes; to develop an integrated administration of all laws enacted by Congress to aid the distribution of agricultural products through research, market aids and services, and regulatory activities in order to improve marketing methods and facilities, and reduce distribution costs; and to facilitate the useful, economic, profitable and orderly disposal of full production from farms.

This Act also required that the results of marketing research be made available to the public as widely as possible. The research authorized by this Act included economic research on cost analysis and price spreads throughout the distribution chain as well as more conventional production research.

The Act also promoted the dissemination of market news and information in order to facilitate the private operation of the market. Funds were provided under the Act to extend the coverage of price reporting in various country trading and local auction markets. This function was and still is extremely important to assist the proper working of agricultural markets. Prices from public price reports have formed the basis for formula pricing, whereby prices reported in one market serve as the base for price setting in other markets. Price reporting for a wide range of markets for the same commodity can also improve arbitrage.

Early justifications for public price reporting activity focussed on providing correct and unbiased information to farmers; more recent justifications have focussed on the "public good" aspects of price information. There was considerable mistrust of early price reporting schemes and concerns about the accuracy of data reported since they originated with wholesale traders. More recently, it is argued that private sellers cannot generally recover the costs of collecting and providing price information so that it must remain a public activity. In addition, there has been some concern that price information be widely and publicly available, with fears that this would not be the case in the absence of public reporting. There is not only a problem of price information having certain public good attributes discouraging complete private price services, but also a question of market participants becoming less willing to provide unbiased information as markets,

especially processor and handler markets, become more concentrated. Price reporting, or "Market News" as it is also known, generally includes information on supplies, inventory and major product movements, also assisting market clearing.

Research was also to be used to expand markets for agricultural commodities. Domestic demand was to be increased by finding new or wider uses for surplus commodities, while larger foreign markets were sought.

Although this Act was put into place with great hopes for the potential gains from market research and promotion, a number of factors, including consistent underfunding by Congress, limited its impact as an overall focus for research and marketing activities. In addition, it was realized that market research and promotion alone could not, by themselves, resolve the questions of protecting producer incomes and viability, and of dealing with commodities in chronic surplus positions.[1]

Commodity Credit Corporation Charter Act (1948)

The Commodity Credit Corporation Charter Act (1948) established the Commodity Credit Corporation (CCC) as an agency of the United States under a permanent Federal Charter. The Commodity Credit Corporation had been created in 1933 and operated under several different pieces of legislation before the passage of the Commodity Credit Corporation Charter Act in 1948. The Corporation has broad powers for the purposes of price and income stabilization, production adjustment and marketing control.

The broad goals of this Act are to stabilize, support and protect farm income and prices; to assist in the maintenance of balanced and adequate supplies of agricultural commodities (food, feed and fiber); and to facilitate the orderly distribution of agricultural commodities using as instrument the Commodity Credit Corporation. The CCC has all the normal powers of a corporation while enjoying specific privileges and immunities given to government corporations. The CCC is required to use private facilities as much as is practical in its operations, including warehousing, transporting, processing and handling. It is also authorized to engage in barter in exchange for agricultural commodities. It may accept strategic and other materials produced abroad in exchange for agricultural commodities.

The CCC is used as a general instrument for carrying out agricultural policy in the United States, applying to all commodities in both the domestic and export market. It has specific powers to support the prices of agricultural commodities through loans, purchases, payments and other

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[1] The evaluation of the impact of the Agricultural Marketing Act was expressed in Douglas E. Bowers, "The Research and Marketing Act of 1946 and its Effects on Agricultural Marketing Research", Agricultural History, Vol. 56, No. 1, Jan. 1982, pp. 249-263, and Marketing Research and Coordination in USDA: A Historical Approach, United States Department of Agriculture, Economic Research Service, Agricultural Economic Report No. 475, August 1981.

operations; to supply producers and processors with materials and facilities needed to produce and market farm products (i.e. on-farm storage for grain); to procure agricultural commodities for sale to other Government agencies, to foreign governments, to domestic, foreign or international relief agencies and to satisfy domestic needs; to arrange for removal and disposal of surplus agricultural commodities; to increase domestic consumption by expanding domestic markets and developing new markets, facilities and uses; and to export to and develop foreign markets for farm products.

The CCC is used as the primary vehicle to realize government policy expressed in various pieces of legislation, although it is established as an independent agency autonomous from the general administrative process. However, the majority of CCC programs are carried out through the use of the facilities and personnel of the Agricultural Stabilization and Conservation Service (ASCS) and the Foreign Agricultural Service (FAS) of the United States Department of Agriculture. The Corporation has responsibilities, not only under the CCC Charter Act, but also under the Agricultural Act (1949), the Agricultural Trade Development and Assistance Act (1954, PL-480), the National Wool Act (1954) and the Agriculture and Food Act (1981, for disaster payments).

In a recent year, its major programs included commodity price support loan and purchase programs, the cotton, dairy, feed grain, rice and wheat payment programs, the export credit sales program, the export credit guarantee programs; and the payment-in-kind (PIK) program. The export credit sales and guarantee programs are described here.

Export Credit Sales and Credit Guarantee Program

The export credit sales program of the Commodity Credit Corporation was established in 1956 under the authority of the CCC Charter Act. The export credit program is commercial rather than concessional in nature. It provides financing for commercial export sales by the purchase of the exporter's accounts receivable. The program offers credit terms not normally available from normal commercial lenders for agricultural commodities for periods of up to three years. The goal of the program is to maintain, expand and establish commercial markets and to enable U.S. exporters to meet competition from other exporters.

The export credit guarantee program provides guarantees for U.S. exporters who sell commodities on credit terms for periods up to three years. The exporter or the exporter's assignee are protected against loss from non-payment by foreign sources as a result of both commercial and non-commercial risks. A fee is paid to the CCC by the exporter when applying for a guarantee agreement. The CCC will guarantee a value not more than the unpaid port value of the commodity plus interest.

Exporters also have the option of using both of these programs as a blended credit package of both direct and guaranteed credit.

Agricultural Trade Development and Assistance Act (1954)

The Agricultural Trade Development and Assistance Act (1954), also known as Public Law 93-480, has been the primary vehicle for food aid by the United States.

The stated purpose of the Act is to increase the consumption of U.S. agricultural commodities in foreign countries and to improve the foreign relations of the United States. More specifically, the stated goals of the legislation are to expand international trade, to develop and expand export markets for U.S. farm products, to use the abundant agricultural productivity of the United States to combat hunger and malnutrition, and to encourage economic development in the developing countries, with emphasis on assistance to those countries that desire to improve their own agricultural production.

This Act was designed to provide foreign food aid and foreign food sales on concessional terms as a means of dealing with surplus production. Care was to be taken to ensure that concessional sales did not reduce the potential for sales on commercial terms. In times when agricultural commodities have been in short supply rather than in surplus, concessional sales and food aid have declined significantly.

The CCC has been used to finance concessional sales under this Act, as well as to conduct barter transactions where appropriate.

More recently, in the Agriculture and Food Act of 1981, provisions were added to establish an export credit revolving fund, under this act, to be used by the CCC. This fund can also be used to extend credit for market development and expansion where there is potential for developing or enhancing regular commercial markets.

Advertising, Research and Promotion Acts (1954-present)

Programs to promote producer funded commodity advertising, research and promotion have been authorized under a number of different acts and programs. Marketing orders, which have been discussed above under the Agricultural Marketing Agreement Act (1937), may include advertising, research or promotion activities among their other provisions. Advertising and promotion programs are also authorized by specific pieces of legislation such as those discussed below for wool, cotton, potato, eggs, beef, wheat and floral products. Programs are currently in place for all of these sectors with the exception of beef and floral products. Although legislation has been passed authorizing an industry promotion program, beef producers have twice failed to pass a referendum which would put the program into effect. In the case of the floral sector, although legislation exists, a program has not yet been approved by producers. As a third mechanism, there are international promotion programs jointly sponsored by the Foreign Agricultural Service of the United States Department of Agriculture and by industry.

The criteria for federal approval of research and promotion programs under either the specific research and promotions acts or various marketing orders are that the proposed programs:

1) Pay their total administrative cost
2) Devote some minimum percentage of funds to research
3) Engage in nutritional and educational advertising
4) Have refund provisions
5) Meet specific referendum requirements
6) Provide for an administrative board whose members are appointed by the Secretary of Agriculture.

No federal funds are used for domestic programs administered in either of these ways. In contrast, programs directed at foreign markets do involve joint federal and industry funding. All programs, whether directed at domestic or foreign markets, originate at the request of producers. The primary role of the federal government in domestic programs, where funding assistance is not involved, is to provide the institutional framework for mandatory industry support, eliminating or reducing the "free rider" problem.

The National Wool Act (1954)

This Act authorizes the Secretary of Agriculture to establish programs for advertising, promotion and market development activities for wool, mohair, sheep, goats and their products. In 1973, authority was extended to permit the development and dissemination of information on product quality, production management and market improvement (Agriculture and Consumer Protection Act).

These programs are supported by deductions from price support payments to wool and mohair producers. No funds are collected in this way when price support payments are not required. Additional funds are collected by deductions from producers on wool marketed following approval by a producer referendum. There are no provisions for refunds to producers wishing to opt out of the program.

Activities funded include generic advertising of wool and lamb products, nationwide co-operative advertising with retailers, provision of point-of-sale promotional material, and consumer education demonstrations for cooking and serving lamb products. These programs are administered by the American Sheep Producers Council, which is governed by delegates elected from producer organizations.

Cotton Research and Promotion Act (1966)

The purpose of this Act is to enable cotton growers to establish, finance and carry-out a program of research and promotion to improve the competitive position of, and to expand domestic and foreign markets for, cotton.

Cotton producers are assessed a levy per bale of cotton marketed. Current funding totals about $20 million (1982). Refunds to producers requesting them have risen from 12% of assessments collected in 1975-76 to 22% of assessments in 1980. Most refund requests are from a relatively small number of producers who are quite large relative to the industry average. The cotton program is the largest of those in place under the research and promotion acts. The funds are administered by the Cotton Board, composed of producer and non-voting public members appointed by the Secretary of Agriculture. The Cotton Board contracts with Cotton Incorporated, a non-profit organization, to develop and implement approved research and promotion projects. The objectives of Cotton Incorporated are to increase producer profits and expand sales of cotton products. The Agricultural Marketing Service of USDA monitors the activities of both the Cotton Board and Cotton Incorporated.

Research projects undertaken by Cotton Incorporated range from plant breeding, cotton-related industrial health issues, energy conservation in cotton production and processing to the development of final products. As an example, one project developed the 60% cotton - 40% synthetic blend now used extensively. Research is undertaken from the production level through to processing, advertising and retailing. Promotion has been concentrated in the areas of advertising and new product merchandising.

The Potato Research and Promotion Act (1971)

This Act authorized the establishment of a National Potato Promotion Board to collect assessments on all Irish potatoes handled for food or seed in the 48 continental states. First handlers pay the assessment fee. Refunds are stable at about 10% of assessments collected. The National Potato Board, composed of 86 members nominated by producers and appointed by the Secretary of Agriculture, supervises the Potato Research and Promotion Plan. The Board and Plan were established in 1972, following referendum approval by producers.

The Potato Board is involved in a wide range of activities to promote potatoes. These include media advertising and promotion of the nutritional value of potatoes, marketing research, the development of new potato products, provision of nutritional information to State and local councils, research projects to examine potato usage patterns by consumers and institutional outlets, a merchandising program to improve retail handling and display, and a foreign market development program. Advertising is directed at consumer magazines, foodservice trade magazines, dietetic and medical journals, and produce trade papers.

The Egg Research and Consumer Information Act (1974)

This Act authorizes a program for egg producers to finance and carry out research and promotion projects to maintain and strengthen the relative market position of the egg industry. Assessments, paid by egg producers, are administered by the American Egg Board. Producers in Hawaii and Alaska, as well as those whose flocks of laying hens do not exceed 3,000, and those who produce chicks rather than eggs, are exempt from paying assessments. The funds available in 1982 totalled over $5 million. Refunds have ranged widely from 8% to 22% of assessments. The American Egg Board includes both producer and consumer representatives nominated by the six producing regions of the country.

The Board conducts promotion and research activities to improve consumer attitudes towards eggs, and to expand domestic and foreign markets and uses for eggs, egg products, spent fowl, and the products of spent fowl. The Board also funds research projects to learn more about the relationship between eggs and the development of heart disease, and to foster the development of further processed products using eggs and spent fowl. The Board also sponsors a consumer education program covering nutrition, recipes, storage and serving suggestions.

Amendments to this Act in 1980 added consumer representatives to the board (2 of 20 members), and authorized increases in the assessments collected from eligible producers. All activities of the Egg Board are subject to the approval of the Agricultural Marketing Service of the United States Department of Agriculture.

Farmer-to-Consumer Direct Marketing Act (1976)

This Act was introduced in the belief that increased direct marketing activity would result in lower prices to consumers, higher returns for farmers, a reduction in middlemen costs and an improved farmer-to-consumer understanding. The Act enables the USDA to make funds available to individual states to promote direct marketing activities through innovative educational and service projects. Appropriations under this act totalled $1.5 million in 1978. State agencies submit proposals with requests for funding to the federal Department of Agriculture. Proposals that are found to be workable, needed and have a wide application may be funded.

Direct marketing includes roadside stands, pick-your-own operations, open-air markets, farmers' markets (both urban and rural), and street-selling from trucks. The primary commodities affected by this program are fresh fruits and vegetables since they do not require refrigeration for retail sale as do meat, poultry and dairy products. Although direct sales currently account for only 3% of total sales for these products, they are important for a large number of small producers. In addition, other producers use direct marketing as a secondary market, selling product which does not meet the size standards of retail supermarkets.

The Beef Research and Information Act (1976)

This Act authorizes a beef board to collect assessments from producers to improve and develop markets for cattle, beef, and beef products through research and information activities. Although authorized by legislation, this program has not yet gone into effect since it requires the approval of two-thirds of registered producers (now amended to a simple majority). The proposed order has been turned down twice by producer referenda in 1977 and 1980.

The Wheat and Wheat Foods Research and Nutrition Education Act (1977)

This Act authorizes a nationally co-ordinated program of research and nutrition education to improve the quality of wheat and to extend the use of wheat in processed food products. Assessments are collected from

final-product processors (primarily wholesale bakers) on the amount of processed wheat purchased. The funds collected are used for research and nutrition education activities. Net revenue available to the program is approximately $500,000 to $700,000 per year. Some end-product manufacturers, such as retail bakers, are exempt from the assessments.

The funds are administered by the Wheat Industry Council, a 20 member council made up of representatives from among producers, processors, end-product manufacturers and consumers, who are appointed by the Secretary of Agriculture.

Examples of the programs under this Act include the selection and training of representatives to carry out a consumer nutrition education campaign and the development of materials for public education on the nutritional value of wheat and wheat foods.

This Act replaced the Wheat Research and Promotion Act, passed in 1970.

Agricultural Trade Act (1978)

The Agricultural Trade Act authorized the establishment of between 6 and 25 agricultural trade offices in major centers around the world.

These offices are to increase the effectiveness of agricultural export promotion efforts through consolidation of activities, provide service facilities for foreign buyers and U.S. trade representatives, and coordinate market development activities sponsored by the Department of Agriculture. An annual report to Congress of the activities and accomplishments of these trade offices is required.

This Act also enabled the Commodity Credit Corporation (CCC) to provide financing to exporters of agricultural commodities who need or wish to provide deferred payment terms to buyers in other countries in order to make sales or meet the competition from other exporting countries also providing financial assistance to buyers.

The Floral Research and Consumer Information Act (1981)

This Act authorizes a co-ordinated program of research, consumer and producer education, and promotion designed to maintain, develop, and expand markets for flowers and plants.

Members of the board administering the Act, Floraboard, are appointed by the Secretary of Agriculture from industry nominations. The Board is responsible for contracting research and promotion activities, and collecting assessments. It reports to the Secretary of Agriculture. Although the enabling legislation has been passed, a program cannot be implemented and funds collected until a program is requested by industry, and approved by a referendum of producers.

Cooperatives

Producer cooperatives play a significant role in the marketing and even processing of a wide range of U.S. agricultural products. Several different pieces of legislation have been used to institutionalize and formalize the role and rights of cooperatives in agricultural marketing.

Cooperative marketing and bargaining are not government marketing programs similar to those discussed elsewhere in this working paper. Cooperatives are included here, however, since they have been directly influenced by the actions of government. Government policies have influenced the organization and operation of cooperatives as a means of improving agricultural marketing performance.

The Clayton Act (1914) initially established the right of farmers to organize non-stock associations and to operate and pursue legitimate objectives of the cooperative with immunity from antitrust laws. These rights were further clarified and expanded by the Capper-Volstead Act (1922). Section 1 of this Act allowed farmers to establish common marketing agencies and to make the contracts and agreements necessary to perform this collective activity. Section 2 provided the administrative mechanism for limiting the anti-competitive consequences of the exemption granted in Section 1. The Secretary of Agriculture was granted the authority to order that a practice be dropped when there is proof that monopolization or restraint of trade by a cooperative has led to "undue price enhancement". However, no cases of undue price enhancement have been upheld since the enactment of the legislation.

The Cooperative Marketing Act (1926) established a division within USDA to acquire and disseminate information on cooperation, to promote knowledge of cooperative principles and practices, and to advise the Secretary of Agriculture on cooperative issues. Six basic roles for the USDA were authorized by this act: research (including economic research), technical advisory assistance, collection and reporting of statistics on cooperatives and their history, start-up assistance to new cooperatives, promoting knowledge of cooperatives, and studying of cooperative activities at home and abroad. This work is currently undertaken by the Agricultural Cooperative Service. This Act also permitted cooperatives to share information, an activity that would otherwise be seen as a violation of antitrust.

The Agricultural Marketing Act (1929) and the Agricultural Marketing Agreement Act (1937) also added institutions, a national organization of cooperatives and marketing orders, that have contributed to the growth and operations of producer cooperatives.

More recently, the Agricultural Fair Practices Act (1967) attempted to deal with potential discrimination against cooperatives and their individual members by processors and handlers. However, a disclaimer clause in the Act has severely limited its effectiveness and enforcement.

These laws have encouraged the growth of cooperative marketing and processing of agricultural products. The following table indicates the share of cooperatives in the marketing of various commodities. The market share of cooperatives in processing is also quite significant in some sectors, including meat packing, margarine, fruit drinks and beverages, fruit and vegetables, and dairy products.

Cooperative Involvement in Marketing
Agricultural Commodities

Commodity	Number of Cooperatives 1980	Share of Farm Level Marketing Activity	
		1952	1980
		%	
Dry beans and peas	13	24.2	21.1
Cotton and products	432	10.4	33.5
Dairy	465	43.0	70.8
Fruit and vegetables	379	15.4	25.2
Grain	1,792	34.8	44.6
Livestock	395	14.4	12.9
Nuts	17	33.0	57.0
Poultry and products	25	6.5	9.1
Rice	57	29.8	44.1
Sugar products	44	58.4	80.1
Tobacco	32	14.9	14.0
Wool and mohair	121	(1)	(1)
Miscellaneous marketing	36	2.8	5.6
All commodities	3,808	19.9	31.4

(1) Included in livestock share.
Source: Unpublished data, ACS, USDA, printed in "Cooperatives and Bargaining", H.M. Harris, Jr. et. al. in Federal Marketing Programs in Agriculture, ed. by W.J. Armbruster, D.R. Henderson, and R.D. Knutson, p. 206.

Storage

The development of a storage infrastructure has been done mostly on an ad hoc basis with new provisions included in other legislation as requirements change. The three most general pieces of legislation dealing with storage are outlined below. More recently, the omnibus agricultural legislation passed, on average, every four years is used to adjust storage charges for specific commodities.

The common mechanism used to encourage the development of storage facilities has been favourable loan terms. The Commodity Credit Corporation Charter Act (1948) authorized the Commodity Credit Corporation (CCC) to make loans to grain producers needing storage facilities, in order to encourage the storage of grain on farms. The Agricultural Act (1949) authorized loans to cooperatives (not restricted by commodity) for the construction of storage facilities. Most recently, the Food and Agriculture Act (1977) required that the Secretary of Agriculture make storage facility loans, with a maximum repayment period of 10 years, available to producers of dry or high-moisture grain, soybeans, rice and high moisture forage and silage.

III AGRICULTURAL MARKETING LEGISLATION IN THE UNITED KINGDOM

Over the last 25 years, several pieces of legislation pertaining to agricultural marketing have been passed in the United Kingdom. This legislation has taken the form of either separate agricultural marketing acts or a part (or parts) of more general agricultural legislation. In general, the legislation has provided for the establishment of agricultural marketing institutions with a variety of powers and functions. The main features of each act, as passed by the U.K. Parliament, are described below.

Agricultural Marketing Act (1958)

Part 1 of this Act is concerned with Agricultural Marketing Schemes. It fixes the procedures for establishing marketing boards, describes their powers and how they are funded.

Procedures for setting up agricultural marketing boards involve a sequence of steps beginning with a request from producers, followed by consideration of any objections, a producer vote (with a two-thirds majority in favour of the board required) and ending with parliamentary approval.

Marketing boards put producers in a position to bargain with large buyers on more equal terms; they also speak for producers on marketing organization and proposed legislation and act as monopoly buyers who control the marketing of domestically produced supplies. Boards can buy the regulated product, produce commodities from it and sell them. Boards can also determine the quantity which may be sold by any producer and at what price and by what means the sale takes place.

The marketing powers granted to boards under the 1958 Act include the ability to:

a) buy regulated product, produce commodities from it, sell, grade, pack, store, adapt for sale, insure, advertize and transport the product/commodities;

b) render services designed to promote the more efficient production, grading, packing, storing, adapting for sale, transporting or sale of the regulated product;

c) encourage, promote or conduct agricultural cooperation, research and education;

d) regulate the grading or manner in which the regulated product is marked, packed, stored, adapted for sale, insured, advertized or transported.

Marketing schemes established under the Act are funded by contributions from registered producers.

The Act provided for committees to be set up to represent consumers of regulated products. The task of these consumer committees is to consider, and report to the Minister of Agriculture on, the effect of marketing schemes on consumers or on any complaints regarding the effect of the schemes on consumers. If a scheme is found to be contrary to the interest of consumers or is not in the public interest, the Minister may order amendments, revoke the scheme or direct the board to rectify the matter.

An Agricultural Marketing Fund was established by the Agricultural Marketing Act (1931) for the purpose of making loans to marketing boards. An Agricultural Marketing Facilities Committee appointed by the Minister advises on the making and renewing of loans to boards from the Fund. The Fund is administered by the U.K. Ministry of Agriculture, Fisheries and Food.

Cereals Marketing Act (1965)

This Act provided for the establishment of the Home Grown Cereals Authority (HGCA), its functions and finances. The purpose of HGCA is to improve the marketing of home-grown cereals, by encouraging the more orderly marketing of cereals and by providing market intelligence. The Authority has 21-23 members comprising 3-5 independent members, 9 representatives of cereal growers and/or feeders and 9 cereal dealers or processors. HGCA's functions can be divided into non-trading and trading functions.

So far as its non-trading functions are concerned, HGCA can:

a) make bonus payments in respect of forward contracts made by growers for the sale of home-grown cereals, and make or guarantee loans to growers in respect of such contracts;

b) compile or prepare information or estimates with respect to prices, supply, demand or other market conditions (actual or prospective) relating to cereals or related products;

c) publish or disseminate the information described under b), including recommendations as to the appropriate selling prices for home-grown cereals;

d) devise and disseminate or otherwise encourage the adoption of new, improved or standardised systems, procedures or forms for use in the marketing or preparation for marketing of home-grown cereals;

e) conduct research on the collection, storage, conservation, testing and distribution of home-grown cereals; and the invention, development or assessment of new uses of, or processes for, home-grown cereals;

f) carry out demonstrations of the results of research or any other new or improved method relating to the marketing of home-grown cereals.

Turning to its trading functions, HGCA can:

a) buy home-grown cereals (defined as wheat, barley, oats and rye) other than by forward contract;

b) buy by forward contract for delivery at times when deliveries would otherwise be inadequate.

The power to buy also includes the power to sell, transport, store and deal with any cereals the Authority has bought. HGCA's power to buy grain did not become exercisable until such time when the average market price was below a price determined by reference to minimum import levels; at such times the Authority could buy cereals until the price was at or above the minimum. These trading powers, therefore, were designed to support U.K. cereal prices at or above some minimum level. If the Authority bought grain in a particular year (July/June) it had the duty to sell those cereals for delivery before the end of the year, or not later than one month after year end.

The HGCA is now part of the EC grain market support system. The Authority acts as agent for the Intervention Board for agricultural produce, engaging in support buying, storage and disposal of cereals and rapeseed. It also administers the denaturing arrangements for wheat which subsidize its use for feed to avoid surpluses in the market for milling wheat.

The U.K. government can make contributions towards the Authority's expenses. HGCA can also finance its functions by means of levies expressed by reference to the quantity of cereals delivered or the acreage of land used for growing cereals. The levies are imposed on registered cereal growers.

Agriculture Act (1967) Part I

Part I of the 1967 Agriculture Act established the Meat and Livestock Commission (MLC). The Commission's objective is to promote greater efficiency in the livestock and livestock products industries. MLC has the following functions in respect of the marketing of livestock and livestock products:

a) giving advice and information to the Central Council on Agricultural and Horticultural Cooperation (CCAHC) on the commercial and technical aspects of livestock production and marketing and to assist CCAHC in making decisions on grants for cooperative livestock production and marketing;

b) giving advice and information to livestock producers on the commercial and technical aspects of introducing and developing cooperative livestock production and marketing arrangements;

c) advising on suitable and fair terms (not financial terms) of contracts for the sale of livestock and meat and preparing model or standard terms of sale;

d) giving advice and information to assist buyers and sellers of livestock and meat to make bargains and do business;

e) giving advice and information to those owning, conducting or using livestock auction markets on efficient design, layout and operations, and compiling standard codes of practice for the activities of auction markets with a view to their efficient and equitable operation;

f) giving advice and information to those owning, conducting or using slaughterhouses on efficient layout, design and operations and on efficient slaughtering and dressing techniques;

g) disseminating to the livestock industry information and advice about supplies, demand and prices of livestock products produced in Great Britain or elsewhere, market situations and future supply, demand and market prices. For this purpose MLC can undertake the collection of information to supplement official information about supplies, demand and prices and collate, analyse and interpret official and other information;

h) giving advice and information to Ministers about current and prospective supplies of livestock and livestock products from all sources;

i) promoting or undertaking investigations and research into the production, marketing and distribution of livestock; the production, processing, manufacture, marketing and distribution of livestock products; demand in Great Britain or elsewhere and prices for livestock and livestock products; and disseminating to the industry information and advice based on the results of this research;

j) promoting or undertaking arrangements for advertizing the merits and increasing sales in Great Britain or elsewhere of livestock and livestock products produced in Great Britain;

k) disseminating to consumers useful information about livestock products, in particular as to their availability, use, identification and choice.

In the mid 1970's, the Meat Promotion Executive was formed. The Executive's budget, which is raised from part of a levy on animals at point of slaughter, is used to promote the sale of British meat by means of consumer education, TV advertizing, etc.

The MLC contributes to research into meat marketing, including work at the Meat Research Institute.

Provision of market information is a major part of the MLC's work. Quarterly situation and outlook reports are published. Same-day price information is available from a sample of auction markets. Short and longer-term forecasts are made.

MLC's expenditures are covered partly by levies on persons engaged in the production, slaughtering, processing, manufacturing, marketing or distribution of livestock and livestock products and partly by revenue from government agency and classification work.

Under the Act, if any matter substantially affected the interests of persons engaged in the marketing or distribution of livestock and livestock products, the MLC must consult its Distribution Committee. This Committee represented the interests of livestock traders, auctioneers, local authorities operating slaughterhouses and auction markets, persons engaged in the animal by-product trade, meat wholesalers and importers, bacon producers, retailers and persons employed in the production, processing, manufacture, marketing and distribution of livestock and livestock products. The Committee could put proposals or recommendations forward to the MLC. The Distribution Committee has been abolished; in its stead, direct consultations between the MLC and the industry are encouraged.

Agriculture Act (1967) Part IV

This part of the 1967 Act established the Central Council for Agricultural and Horticultural Cooperation (CCAHC). CCAHC's function was to organize, promote, encourage, develop and coordinate cooperation in the production, storage, preparation for market, marketing and transportation of agricultural products, the provision of buildings, equipment and services to farmers, and in research. The Council also advised the Ministers of Agriculture on cooperation in agriculture and horticulture.

Financed by the government, the aim of the CCAHC was to help farmers reduce costs, increase profits and develop market opportunities through cooperation in agricultural production and marketing. Its activities focussed on advice and information, grants and loan guarantees. For example, grants were available towards the cost of feasibility studies, the start-up costs of new cooperatives, the cost of buildings and equipment, selection and training of managers and research.

The Council's activities also included the spread of information among producers about the principles and methods of cooperation in the production and marketing of agricultural and horticultural produce, as well as research, study and experimentation to find and evaluate new or untried ways of applying such principles and methods and publishing the results.

The CCAHC consisted of 6 persons nominated by the Minister, 4 nominated by farmers organizations and 4 nominated by organizations representing agricultural cooperative associations. CCAHC has been dissolved and its functions transferred to a new institution called Food from Britain (see below).

The UK government can make grants related to the carrying out of proposals designed to organize, promote, encourage, develop or coordinate cooperation in agriculture or horticulture, including cooperation in

production, storage, preparation for market, marketing, transportation, provision of buildings, equipment and services for farmers, research and other incidental activities.

Agriculture Act (1970) Part I

The 1970 Agriculture Act (Part I) established the Eggs Authority with the general duty of improving the marketing of eggs. The Authority consists of 12-14 members, made up of 3-5 independents (of whom 1 is conversant with the interests of consumers), 5 representing egg producers and 4 representing the interests of egg marketers and distributors, and those persons involved in hatching and rearing of fowl and the production, marketing and distributing of egg products.

The functions of the Eggs Authority fall into a number of categories:

a) Market Support With a view to reducing fluctuations in egg prices in the interest of producers and consumers, the Authority can purchase eggs and sell them, process them or store and transport them as it thinks fit;

b) Market Intelligence The Authority can collect, collate or prepare information with respect to prices, supply, demand and other market conditions (actual or prospective) relating to eggs and egg products and activities ancillary to egg production (hatching, rearing and disposal of fowl at the end of lay); and publish and disseminate such information including recommendations as to the appropriate selling prices for eggs other than at retail. In support of its market intelligence function, the Authority can require registration and compliance with regulations regarding the supply of information;

c) Research and Development The Authority may engage in the promotion or carrying out of research into any matter affecting the marketing, storage or distribution of eggs or egg products or processing of eggs and into the demand for egg products including the collection and analysis of information on demand, prices paid and effect of price changes on the level of supply. It can, of course, disseminate or demonstrate the results of this research;

d) Quality Control The Authority may prepare schemes related to quality testing or weight grading of eggs for sale by wholesale. These schemes may specify persons to whom the requirements apply, provide for these persons to register with the authority, specify quality standards or weight grades and assign designations to them, and provide for eggs or containers to be marked with or without an indication of the date on which eggs were packed after being tested or graded;

e) Other Functions The Authority may devise, disseminate or encourage the adoption of new and improved arrangements or procedures for use in connection with the production, marketing or preparation for

marketing of eggs; give advice to the CCAHC on the commercial and technical aspects of egg marketing; and assist CCAHC in deciding whether to make grants in aid of cooperative activities in egg marketing;

f) Advertising For the purpose of promoting the sale of eggs the Authority may engage in advertising or other methods of promoting and assist in co-ordinating advertising campaigns undertaken by persons engaged in the production, marketing and distribution of eggs or sale of eggs by retail.

Expenditures incurred by the Eggs Authority in performing its functions are financed by contributions from government and by means of levies on persons engaged in the production, marketing or distribution of eggs, hatching or rearing fowl and importing fowl.

Agriculture Marketing Act (1983)

This Act established Food from Britain to improve the marketing of food produced or processed in the UK and of other agricultural produce of the UK. By means of this Act, the CCAHC was dissolved and its functions transferred to Food from Britain.

Food from Britain is a council of 13-15 members appointed by the Minister of Agriculture having regard to the interests of the agriculture and horticulture industry, including cooperatives, and the food manufacturing and distributive industries in the U.K.

Food from Britain has the power to organize, develop, promote, encourage and coordinate the marketing in the UK and elsewhere of agricultural and horticultural produce of the UK, fish, other than sea fish, and fish products made in the UK, and any other food produced or processed in the UK. Other agricultural marketing bodies e.g. marketing boards, HGCA, MLC, etc. can make contributions by way of grants or loans towards expenses incurred by Food from Britain. Food from Britain can make grants or loans in support of its functions, other than the transferred functions from CCAHC.

IV AGRICULTURAL MARKET DEVELOPMENT IN WESTERN EUROPE

This section is in two parts. The first provides an overview of agricultural market development under the Common Agricultural Policy of the European Community. This is followed by a brief description of agricultural marketing institutions in four western European countries.

AGRICULTURAL MARKET DEVELOPMENT UNDER THE COMMON AGRICULTURAL POLICY (CAP) OF THE EUROPEAN COMMUNITY (EC)

Both the market and structural policy components of the CAP include features designed to expand markets or improve the marketing of agricultural commodities and food products. The legislative framework of these "market development" activities is provided by decisions taken by the Council of Ministers on proposals initiated by the Commission of the EC. Council decisions lay down the main principles of Community law, while the drafting and execution of implementing legislation which provides for the more detailed rules of application is delegated to the Commission. What this means is that the legal basis for EC marketing activities is not a few pieces of major or omnibus legislation but countless (i.e. thousands) regulations. Initiatives for new agricultural legislation (or modifications to existing legislation) are usually developed by the Commission in reaction to economic or political events rather than in a pro-active manner as part of an overall and coherent program.

Market policy is undoubtedly the principal and best-known feature of the CAP. This policy emphasizes the management of European agricultural markets for the major commodities through a basic system of import levies, intervention buying and export restitutions (or subsidies) designed to support producer prices above world and/or market-clearing levels. These commodity programs often include features designed to stimulate domestic consumption or find alternative uses for the commodity. However, while these features may be categorized as quasi-market development, they are more properly described as surplus removal activities designed to moderate the build-up of surpluses arising from high internal commodity prices. Thus, financial aids are paid to processors to enlarge markets for certain products where price support mechanisms result in an excess of supply over demand. By means of price discrimination, the full "market" price is preserved while the Commission tries to exploit other market opportunities where the product can only be sold at a loss.

Examples of these market development/surplus removal activities include the following:

a) Cereals:
Production refunds are available to first-stage processing industries for certain products based on cereals (e.g. starch, glucose) to ensure competitiveness with products imported from third countries.

b) Dairy products:
The EC dairy regime has included measures to increase demand by reducing end-product prices to consumers or end-users, eg subsidy schemes to ensure liquid skim milk is not manufactured into skim milk powder; schemes to encourage the inclusion of skimmed milk powder in animal feeds; school milk subsidies; general consumer subsidies on butter; schemes for reducing the cost of butter to the food industry and the armed forces. More recently, the Commission has proposed changes to various consumer aids in the milk sector including: a gradual phasing out of the subsidy for direct butter consumption; an extension to other foodstuffs of the subsidy for the use of butter in the manufacture of cakes and ice-cream; the introduction of a special subsidy for concentrated milk used in animal feed; and an increase in the fat content of drinking milk.

c) Beef:
In 1974 and 1975 beef coupons were used to subsidize beef consumption by senior citizens, while intervention stocks are consistently available to welfare organizations at special prices.

d) Sugar:
Production refunds are available on sugar used in the chemical industry to make sugar competitive with starch produced from cereals.

e) Citrus fruit:
To help domestic fruit compete with imports from third countries, penetration (or marketing) premiums are paid to sellers of EC-produced citrus fruit sold in other member states.

f) Fruit and vegetables:
The EC regime encourages the formation of producer groups by subsidizing start-up costs, investing their activities with official sanction and exempting them from Community provisions covering anti-competitive practices.

g) Oilseeds:
Production aids (i.e. subsidies) are paid to crushers on products destined for human consumption to ensure EC supplies are used (similarly for peas and beans).

EC structural policy includes several measures aimed at the modernization of production and marketing. Regulation 355/77 has particular relevance to the production and marketing of agricultural products. Other measures include encouragement for producer organizations and storage.

Regulation 355/77 makes finance available to meet part of the investment cost for buildings and equipment designed to rationalize and improve the processing and marketing of agricultural products. Projects must form part of a national or regional investment program drawn up by national authorities and approved by the Commission. In the United Kingdom, seven such programs deal with horticulture, potatoes, fisheries, red meat slaughterhouse improvement, milk, grain storage and pigmeat processing. For example, the potato program encourages investment in off-farm grading, off-farm storage and those sectors of the processing industry

(such as chips) where expansion of outlets is expected. Projects are judged on the basis of guidelines which lay down priorities between different sectors and types of investment. The key criterion is not to encourage additional investment for products already in surplus. The rate of funding is generally 25 per cent, but can rise to 30, 35 and 50 per cent in certain regions.

Producer organizations. The EC's aim is to encourage the formation and spread of producer groups and their organizations. Through collective marketing it is hoped to enhance the bargaining power of producers in the market, improve price stability and returns. Geographic and product coverage is limited. The legislation provides for subsidies of 3, 2 and 1 per cent of the value of products supplied in the first, second and third years of operation, within a maximum amount.

Storage. Private storage aids are paid for many products covered by the CAP, e.g. pigmeat, beef, mutton and lamb, wine, butter, cheese and sugar. The purpose of these aids is to remove temporarily from the market surplus supplies of product.

In regard to citrus fruit, the Fonds Européen d'Orientation et de Garantie Agricole (FEOGA) pays 50 per cent of the amount funded by national authorities for the improvement of market preparation, storage and processing facilities.

To summarize and reiterate, market development activities carried out under the CAP seem primarily ancillary activities to the EC's market management regime and are designed to help the Community attain its price objectives for agricultural products.

AGRICULTURAL MARKETING INSTITUTIONS IN SELECTED WESTERN EUROPEAN COUNTRIES

Agricultural marketing institutions in the Netherlands, France, Federal Republic of Germany and Denmark are outlined below.

Netherlands

In the Netherlands, the Industrial Organization Act 1950 provides the legal framework for establishment of:

a) Produktshappen - interprofessional (vertical) organizations with representatives of most links in the marketing chain from the farmer to the retailer;

b) Bedrijfschappen - intraprofessional (horizontal) organizations concerned with one stage of the marketing chain.

Both types of organization can implement regulations which have the force of law, e.g. to collect levies or enforce compliance with quality standards.

Produktschappen are more likely to be involved in market development; activities include funding research as the basis of product development, provision of statistical and information services, market research, promotion and establishment of common quality standards. In some cases, the Produktschappen decides and implements market development initiatives itself while in others specialist agencies have been created with their activities financed by compensatory levies collected under the powers of the Industrial Organization Act.

The Ministry of Agriculture has a separate Export Marketing Division which deals with all problems relating to the development of agricultural exports. It is supported by a statistical and documentation section and by a department which conducts market research in foreign countries. Agricultural attachés and counsellors attached to Dutch embassies play an important part in export development and are selected for their abilities in this field.

The Ministry of Economic Affairs has a key responsibility for the development of exports from the Netherlands. It administers a number of export development schemes, supports Dutch Chambers of Commerce which operate in foreign markets and finances an Economic Information Service which offers a general range of export services. Export services are also provided by the Netherlands Centre for Trade Promotion. It receives finance from the Ministry of Economic Affairs and is also supported by fees charged to organizations for its services. Financing of exhibitions is a direct result of government intervention in export promotion. The Ministry asks the Centre to organize exhibitions; the Centre receives a subsidy from the Ministry and contributions from other Ministries, eg the Ministry of Agriculture contributes if food or agriculture figures prominently in the exhibition.

France

The Loi d'Orientation, July 4, 1980 contained a number of provisions relevant to market development. It established the Conseil Supérieur d'Orientation de l'Economie Agricole (CSOEA) with a major role of coordination which is important given the potential for overlap with so many organizations involved in agricultural export development. Other aspects of the Loi d'Orientation 1980 which could influence the effectiveness of the marketing institutional structure include:

a) strengthening the legal framework for the development of cooperation in agriculture should assist the establishment of organizations which are able to take collective market development initiatives;

b) interprofessional organizations can make agreements binding on all members to promote products on domestic and export markets;

c) establishment of a fund for the promotion of food and agricultural products in export markets financed primarily by compulsory payment of levies by members of the industry.

The new (1980) State Secretariat for the Industries Agro-Alimentaires regroups certain departments from the Ministries of Agriculture, Industry and Transport. It has a brief for promotion of agri-food exports which it will share with other government institutions.

The Ministry of Agriculture holds a watching brief over the development of exports of agri-food products. It has joint administrative responsibility for several organizations involved in agricultural market development.

The Ministry of the Economy has a much more direct interest in agricultural market development and the expansion of French agricultural exports. It supervises the commercial counsellors and attachés at French embassies; their role is to obtain general information on the state of markets, help exporters to understand the markets in which they are competing and generally facilitate the development of exports.

The Ministry of External Trade stimulates the development and expansion of exports including agricultural exports. To assist the development of agri-food exports the Ministry created a Conseil Supérieur des Exportations Agricoles et Alimentaires. This Council defines and advises on an export policy for agricultural and food products and gives advice on questions affecting the development of these exports. It has responsibility for the new fund for the promotion of agricultural and food products established in the Loi d'Orientation 1980.

The Fond d'Orientation et de Regularisation des Marchés Agricoles (FORMA), established under the Loi d'Orientation 1960, has a central position in the management of agricultural markets in France. It also has a role in developing sales of agricultural products on both domestic and export markets including promotion, research, financing institutions, market intervention, aids to producer associations, aids for storage, etc. FORMA is financed by direct budgetary aids, profits from intervention activities, levies on and allocations from other groups.

The Centre Francais du Commerce Exterior (CFCE), established by decree in 1960, encourages the expansion of French exports. It is responsible to the Ministries of the Economy, Budget and External Trade. CFCE provides a wide range of information and commercial services for organizations involved in exporting to foreign markets including product tests, market studies, sector guides, technical and administrative information, market reports, production and trade studies and the organizing of trade missions. Within CFCE there is a department with special responsibility for assisting organizations in the agricultural sector. CFCE also has representatives in foreign countries whose principal function is to provide information on the development of export markets for dissemination through CFCE's regular publications. These representatives work closely with the agricultural attachés and representatives of SOPEXA.

The Société pour l'Expansion des Ventes des Produits Agricoles et Alimentaires (SOPEXA) is the principal organization concerned with collectively funded promotion of agricultural products on domestic and foreign markets. It organizes representation of French products at exhibitions and organizes promotional campaigns on behalf of different

agricultural sectors. It has 15 offices located in export markets and also plays a lead role in developing consumption of certain agricultural products on the domestic market.

In 1950 to 1953, the French government established several market management schemes, some of which have developed market development activities, e.g. development of exports, publication of market information, market research, promotion etc.

In 1975, a law was passed which meant private interprofessional organizations could be formed. When these organizations are recognized by the public authorities, they are given powers to take actions which are compatible with national and EC regulations. They can also participate in actions to improve knowledge on the development of supply and demand through compulsory collection of statistics and in actions to adapt and regulate supplies coming into the market. Several such organizations have been established in the agricultural sector, some of which are involved in promotion as well as statistical activities.

In 1960 and 1962 respectively, the Loi d'Orientation and Loi Complémentaire were introduced to help assist the economic organization of agricultural markets. These laws encouraged producers to cooperate and where support for cooperation was high producers were given powers to extend their rules throughout entire commodity sectors in a region.

There are a large number of miscellaneous organizations involved in market development activities at national and regional levels, eg:

a) organizations in the fruit and vegetable, canned food and oil and oilseeds sectors publish information on markets and marketing;

b) The Centre National des Expositions et Concours Agricoles (CENECA) was established in 1963 to organize international, national and regional exhibitions to promote French agriculture and serve an educational role;

c) several organizations have been established to promote agricultural products.

Federal Republic of Germany

The absence of a legislative framework to assist the development of interprofessional organizations and the reluctance of the German government to establish central bodies in the agricultural sector are hindrances to the development of such organizations. However, two of the principal marketing functions (promotion and market information) have been identified as priority areas and two related organizations, Centrale Marketinggesellschaft der deutschen Agrarwirtschaft (CMA) and Zentrale Markt und Preisberichtstelle fur Erzeugnisse der Land -, Forst-und Ernahrungswirtschaft (ZMP), have been established to carry out these functions for all commodities at the national level.

In 1969, legislation was introduced to improve coordination and cooperation among producers by offering incentives for the establishment of producer groups through the market structure law. Also in 1969, the sales fund law was passed to establish a central fund which would be used for the promotion of German agricultural, food and forestry products.

The sales fund law established the Absatzfonds with the responsibility to develop the sale and use of agricultural products on domestic and overseas markets. The CMA was established in 1970 to execute the responsibilities of the Absatzfonds. The sales fund law was also the basis of establishment of ZMP.

CMA's efforts are a platform from which individual companies can launch their own market development activities. The main activities of CMA are:

a) advertising in domestic and export markets;

b) trade promotion at fairs and exhibitions;

c) market research and analysis and the provision of market reports;

d) promotion of the use of certain national brand names and labels of origin;

e) development of new products and product programmes;

f) preparation of market strategies to develop markets including general promotion to the trade, customer and trade education and trade support.

While CMA is the only organization involved at the national level, its activities are modest in comparison with those of individual enterprises in the industry.

The sales fund law laid down provisions that funds collected by the Absatzfonds (contribution from the industry via a parafiscal tax on sales plus state funds) should be used to finance an organization which would improve market information leading to greater market transparency. Consequently the ZMP came into existence. The ZMP produces a wide range of market reports on meat and livestock, milk, eggs and poultry, potatoes, cereals, animal feed, fruit, vegetables and forestry, annual publications and other market and price information services.

The German Agricultural Society has been heavily involved in developing a quality image for German agricultural foods by granting seals of approval to wide range of different foods.

The Federal Ministry of Agriculture is only indirectly involved in agricultural marketing development through a department with some responsibility for sales promotion. Its role is to support CMA, eg by funding overseas fairs. Regional Ministries of Agriculture may be involved in market development to a very limited extent, eg by subsidizing marketing organizations to promote products.

Denmark

The institutional structure for agricultural market development in Denmark is strongly influenced by the predominance of cooperatives and the importance of exports. The structure has a very simple legal basis. For example, under Danish law, producers are permitted to organize themselves into cooperatives, but there is no legislation specifically covering cooperation.

The Agricultural Marketing Board, established in 1958, reports to the Marketing Committee of the Agricultural Council. The Board supplements and coordinates the tasks of marketing research and promotion and runs overseas offices. Market research work includes the compilation of statistical material and forecasting trends in individual markets relating to product use, consumer habits, sales, etc. The actual publicity and advertising work is carried out in close cooperation with representatives of the most important export interests. The Board is not directly involved in selling activities, but organizes exhibitions and promotional activities in export markets in collaboration with sales organizations. Production levies, collected in accordance with a law regarding administration of EC arrangements in Denmark, are the most important source of finance for the Board.

The government's activities in regard to export organization have their authority in the law regarding the Commercial Fund which is an independent institution under the Ministry of Trade. The Commercial Fund established a framework within which an Export Council administers the rules. The Council's objectives are:

a) to create and develop an appropriate background for the promotional efforts of exporters;

b) to assist Danish enterprises to make contacts in export markets by the promotion of new initiatives.

These activities are exercised through grants to firms participating in exhibitions, the circulation of promotional literature, the award of export scholarships, the appointment of export advisers to groups in export industries and advice on the placing of commercial attachés abroad. Contributions to groups of export concerns to help build up new markets and develop new products cannot normally exceed 50 percent of the estimated expenditure.

The Export Credit Council also comes under the law relating to the Commercial Fund. It has two functions:

a) to guarantee Danish export firms against loss on foreign accounts;

b) to provide security to Danish banks or other financial institutions for export loans.

Agricultural Export Boards are voluntary organizations consisting of representatives of appropriate organizations, processors and exporters in their commodity group. Their aim is to promote export sales and establish conditions that will achieve the best possible price for producers. Production levies provide the financial basis for their work. The most important are the Butter Export Board, the Cheese Export Board and the Danish Bacon Factories Export Association (Ess-food). Production levies provide the financial basis for their work.

Danish Agricultural Producers was set up jointly by Ess-Food and the Danish Dairy Federation to further agricultural exports to the United Kingdom and to undertake all promotional and advertising activities for meat and dairy products on their behalf.

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APPENDIX A

Market Development Functions and Instruments in Canada

Market Intelligence

- outlook
- market information service (MIS)
- information on commodities, trade, food markets
- publications, conferences, seminars, press releases.

Marketing Research

- consumer demand (trends, level, factors)
- structure and performance of food processing, distribution and retailing, trends in competitive performance
- taste panels, lab work, recipe development, creation of new markets, development of demand, facilitate use of domestic agricultural products
- consumer attitude and behaviour studies
- market identification, characteristics and requirements
- country-commodity studies

Product Research and Development

- New Crop Development Fund
- Food Processing, Distributing and Retailing (PDR) Contract Research Program
- advice to Research Branch, especially for food processing research
- Food Research Institute, Research Branch

Development of Market Demand

- trade fairs, exhibitions
- missions
- promotions with retailers (apples, wine, cheese, blueberries)
- Canadian Agricultural Market Development Fund (CAMDF)
- Export Expansion Fund (EEF)

Risk Sharing

- Advance Payment for Crops Act (APCA)
- Agricultural Product Co-operative Marketing Act (APCMA)
- export line of credit

Infrastructure Improvement

- electronic marketing
- storage facilities

APPENDIX B

Chronology of Agricultural Market Development Legislation in the United States

1914 Clayton Act
(permits farmers to organize non-stock associations and to operate and pursue legitimate objectives of the cooperative with immunity from antitrust laws)

1922 Capper-Volstead Act
(extended the immunity of producer cooperatives from antitrust laws, permitting producers to have common marketing agencies and to make the contracts and agreements necessary for collective marketing)

1926 Cooperative Marketing Act

1937 Agricultural Marketing Agreement Act
(authorized marketing orders, extending the Agricultural Adjustment Act (1933), which authorized marketing agreements)

Amended 1948 -- establish and enforce minimum standards of quality and maturity
Amended 1954 -- market research and development for commodities other than milk for processing, distribution and consumption; provide for an orderly flow of supply throughout the normal marketing season
Amended 1962 -- addition of promotional activities for named commodities
Amended 1965 -- establish and enforce container and pack requirements
Amended 1970 -- assess handlers for production research, marketing research, and development projects.
Amended 1971 -- addition of research, advertising and promotion for milk

1946 Agricultural Marketing Act
(also known as the Research and Marketing Act)

1948 Commodity Credit Corporation Charter Act
(Amended 1956)

1954 Agricultural Trade Development and Assistance Act (PL-480)
Amended 1981 -- (Agriculture and Food Act), addition of agricultural export credit revolving fund, special standby export subsidy program, embargo protection

1954 The National Wool Act
Amended 1973 -- Agriculture and Consumer Protection Act

1966 The Cotton Research and Promotion Act

1967 Agricultural Fair Practices Act
(set standards of fair practice for handlers when dealing with agricultural producers, to ensure that handlers do not discriminate against cooperative producers)

1971 The Potato Research and Promotion Act

1974 The Egg Research and Consumer Information Act

1976 Farmer-to-Consumer Direct Marketing Act

1976 The Beef Research and Information Act

1977 The Wheat and Wheat Foods Research and Nutrition Education Act (replaced 1970 Wheat Research and Promotion Act)

1978 Agricultural Trade Act

1981 The Floral Research and Consumer Information Act

APPENDIX C

Abbreviations

(a) United States

AER	Agricultural Economic Report
AH	Agricultural Handbook
AIB	Agriculture Information Bulletin
AMS	Agricultural Marketing Service
ASCS	Agricultural Stabilization and Conservation Service
CCC	Commodity Credit Corporation
ERS	Economic Research Service
USDA	United States Department of Agriculture

(b) United Kingdom

CCAHC	Central Council on Agricultural & Horticultural Cooperation
HGCA	Home Grown Cereal Authority
MLC	Meat and Livestock Commission

(c) Western Europe

CAP	Common Agricultural Policy
CENECA	Centre National des Expositions et Concours Agricoles
CFCE	Le Centre Français du Commerce Extérieur
CMA	Centrale Marketinggesellscheft der deutschen Agrarwirtschaft
CSOEA	Conseil Supérieur d'Orientation de l'Economie Agricole
EC	European Community
FEOGA	Fonds Européen d'Orientation et de Garantie Agricole
FORMA	Le Fond d'Orientation et de Régularisation des Marchés Agricoles
SOPEXA	La Société pour l'Expansion des Ventes des Produits Agricoles et Alimentaires
ZMP	Zentrale Markt und Preisberichtstelle fur Erzeugnisse der Land -, Forst - und Ernahrungswirtschaft.

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